1: Anonymous U-4 (no date)1938 RB1 Baltic States/61

B. ECONOMIC AND FINANCIAL

INTRODUCTION

THE three Baltic States cover an area of rather more than 65,000 /53 square miles, and are thus slightly larger than England and Wales. The country is for the most part flat, and rarely rises much more than seven or eight hundred feet above sea-level, except in the so-called Lithuanian heights in the south-east of Lithuania. For the most part, also, the soil is of glacial origin, consisting partly of sand, mixtures of sand and clay, sometimes very fertile, and pure clay, which is often waterlogged. There are thus numerous marshes, heaths, bogs, and lakes. The three States lie roughly between latitudes 54° and 60° N., but the continental nature of the country renders the winters long and hard; there is a comparatively heavy snowfall, and even the large rivers such as the Nemunas (Niemen), the Daugava (Dvina), and the Lielupe (Aa) become frozen. Much of the country, especially where the soil is sandy, is covered with timber. Few mineral deposits except the shale of Estonia are yet of any commercial importance.

The total population of the three States is just over 5½ million.[1] /61 The density is greatest in Lithuania; that of Latvia and Estonia is /63 only just over half that of Lithuania. Lithuania, also, has by far the largest excess of births over deaths, though in all three countries the excess of births has tended to decline since the years immediately after the War. Lithuania, however, still has, after Poland, the highest birth-rate in Northern Europe. Yet in none of the three countries is there any great concentration of the population, and only three towns have a population of more than 100,000, namely the capital cities Riga (385,000), Tallinn (140,000), and Kaunas (105,000).[2] But /62 though there are few large towns, the proportion of the population /33 dependent on agriculture varies considerably. Of the persons gainfully occupied in Lithuania nearly 77 per cent. are engaged in agriculture, whereas the figure for Latvia is 66 per cent., and that for Estonia only 60 per cent.

[1] For population and vital statistics see Appendix I.

[2] The population of the other principal towns according to the latest figures is as follows:

Tartu	59,000	Siauliai	24,000
Liepāja	57,000	Narva	24,000
Daugavpils	45,000	Panevezys	21,000
Memel	38,000	Pārnu	21,000
Jelgava	34,000	Ventspils	16,000

Cf. Great Yarmouth 56,769, Gravesend 35,490, Canterbury 24,450.

505 regular sailings of British, German, Finnish, and Scandinavian lines. Of these may be mentioned the United Baltic Corporation, which maintains weekly services between London and Memel, Riga, and Tallinn.

504 The ports of Riga and Tallinn are blocked by ice in the winter months, especially February and March, but in each case channels for steamers are kept open by ice-breakers. While Latvia's trade is thus subject to disorganization, Liepāja and Ventspils are generally free of ice and consequently do a considerable trade in the winter, although accommodation in the ports is limited. Moreover, plans are at present being considered for the further development of a river harbour on the Lielupe at Jelgava. On the other hand, congestion in Tallinn can be relieved only by the use of the small ports of Narva-Joesuu, Pärnu, and Paldiski. Memel also is blocked by ice in winter, though an ice-breaker is used. Communication can, however, be maintained through the Latvian port of Liepāja. It may be mentioned that for some years the Lithuanian Government has been attempting to develop a small fishing village, Sventoji, near the Latvian frontier, with a view to providing an alternative port to Memel, though progress in this direction has not so far been great.

(2) *River Navigation*

● 133 487 Estonia has few navigable waterways, the Narva, which connects Lake Peipus with the sea, being perhaps the most important. Both Latvia and Lithuania, however, possess rivers which are indispensable for the moving of timber. The principal navigable rivers in Latvia are the Daugava, the Gauga, and the Lielupe; in Lithuania, the Niemen (Nemunas). A canal joins the Niemen to the Bobr, which flows into the Narew, a tributary of the Vistula. The canal is, however, in Polish territory. The Berzune, a tributary of the Niemen, is also joined to the Daugava by a canal. Finally, it should be remembered that most, if not all, of the inland waterways of these countries are closed by ice for three to four months of the year.

(3) *Railways*

496 As already mentioned, the railway system inherited from Russia bore little relation to the new national requirements. For example, Russia had no object in linking Memel to Kovno, since Memel was in Germany, and Russia had built Libau expressly to be independent of German communications. Moreover, many of the lines were built (or not built) for purely strategic reasons, and nearly all were of the broad Russian gauge. It was natural, too, that they tended to radiate from centres in Russia with which, as has been seen, the Baltic States were to trade far less than before the War. Finally, the War had led to the wholesale destruction of stations, bridges, and other buildings, and even to the removal of locomotives and rolling-stock. Thus, the problems with which the new States were faced were considerable.

493 727 Reconstruction began soon after the War. In almost every case the railways were taken over by the State. The amount of repairs which

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CHAPTER 26

Baltic Region

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THE BALTIC REGION, which includes the union republics of Estonia, Latvia, and Lithuania, and Kaliningrad Oblast of the Russian SFSR, lies on the shores of the Baltic Sea in the northwestern part of the East European plain. It includes, in addition to the mainland, the Moonsund archipelago, off the entrance to the Gulf of Riga, in which the main islands are Sarema (Saaremaa), or Ösel, and Khiuma (Hiiumaa), or Dagö. Although the northern ports on the Gulf of Finland and the port of Riga, in the deep recess of the Gulf of Riga, freeze during the winter months, the ice cover is sufficiently thin so that navigation can be maintained with the help of icebreakers. Along the southern coast, at Liepaya (Liepāja) and Kaliningrad, the sea remains free from ice. Because of these favorable conditions, the ports of the Baltic Sea (from Tallin to Kaliningrad) are of exceptional importance as trade outlets for the products of the central European USSR.

The southern shore of the Gulf of Finland in the north is an abrupt escarpment of old limestone formations which extend eastward to Lake Ladoga and form many bays and natural harbors, including that of Tallin (Tallinn). On the Gulf of Riga and along the coast to the south, the character of the shore line changes radically. Pine-covered sand dunes extend along the low coast in several parallel ranges, and ports lie only at the mouth of rivers and in man-made locations. Shallow sand bars lie offshore.

The relief is a continuation of the northern section of the East European plain, with a typical glacial landscape. Morainic hills, composed of boulder clays and other debris left by the continental ice sheet, and occasional denuded plateaus of Paleozoic rocks alternate with glacial lake beds and other depressions filled with sand and gravel deposits. The uplands, which have been deeply dissected by surface waters, occasionally appear like the picturesque mountain terrain of a miniature Switzerland. With the exception of the narrow littoral belt, the entire region,

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SU 133* including the offshore islands, has marked morainic features, such as an BC abundance of gravel and boulder fields, swampy, lake-filled depressions, 133 and clayey and sand soil types. The main rivers are the short, but important Narva (Russian *Narova*) River, the outlet of Lake Peipus and a source of hydroelectric power, the Western Dvina River (Latvian *Daugava*), which also supplies water power, and the Neman River (Lithuanian *Nemunas*, Polish *Niemen*) which enters the Kurland Gulf, SU a shallow lagoon of the Baltic Sea.

132 The moderate continental climate is characterized by a low range BC between summer and winter temperatures, unlike the greater extremes 132 which are common along the same latitude in the inland areas of the European USSR. The humid westerly winds produce a mild, damp cli- SU mate, with moderate winters, cool summers, a precipitation of 20–25 137 inches yearly, and a high proportion of cloudy days. The poor glacial BC soils and the humid climate are favorable to the growth of mixed forests, 137 where coniferous stands alternate with oak, birch, and aspen clusters, and the development of hay meadows. Except for oil shale in Estonia, peat, and construction materials (clay, sand, and limestone), the region SU is poor in mineral resources.

162 The total population of the Baltic Region is about 6 millions, of BC which 2.7 millions live in Lithuania, 1.8 millions in Latvia, 1 million in 162 Estonia, and 600,000 in Kaliningrad Oblast of the Russian SFSR. In addition to the titular nationalities of the three republics, the population includes the Latgals of eastern Latvia, who are related to Latvians, as well as Russians, Belorussians, Jews, Poles, and Swedes. With the exception of Lithuania, where large villages are common, the rural population lives in small hamlets of three to seven households. About one third SU of the population is urban and resides in small towns.

631 The three Baltic republics, each of which represents an ethnographic BC unit, marked by a uniformity of language, history, and culture, were 631 part of the Russian Empire prior to the First World War and became firmly linked with the Russian economy through trade and transportation routes. Following the Bolshevik Revolution, they separated from Russia and constituted themselves as separate independent states. In 1940, following Soviet military penetration, Estonia, Latvia, and Lithuania were annexed to the USSR as union republics. Because of the relatively higher level of material prosperity, special consideration was given to the republics with respect to administrative organization. Instead of introducing the current administrative structure of rayon and

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SU 631 BC 631 village Soviet, the USSR government at first retained the existing divisions (*uyezd* and *volost*) and only gradually introduced the village Soviets. This process was completed in 1950, when the regular Soviet administrative system (rayon-village Soviet) was introduced into Estonia, Latvia, and Lithuania. Lithuania, the most populous of the three republics, was also divided into oblasts. In the northern part of East Prussia, however, which was assigned to the USSR by the Potsdam Conference of 1945 and was organized as the Kaliningrad Oblast of the Russian SFSR, no attempt was made to establish any kind of German or other autonomous unit. The German population, greatly reduced by evacuation before the Russian occupation, became a small minority among the Russians that immigrated from the central part of the European USSR. The Soviet administrative system, with all its attributes, was established in the new oblast as a matter of course.

SU 241 BC 241 The climatic conditions of the Baltic Region are generally favorable for agricultural development. Rye, oats, and barley are the most common grain crops, and potatoes are widely grown. Flax is cultivated largely for the production of linseed oil. Extensive hay meadows, fodder grasses, and forage grains support intensive dairy farming, especially toward the north. Hogs are raised on root vegetables. The chief agricultural export items are butter, eggs, and meat products (mainly bacon).

SU 438* BC 438 Except for the processing of oil shale in Estonia, the industries are centered in the ports and produce textiles, machines, and chemicals. Lumber is an important raw material for paper and plywood industries. The region has a dense rail network, in which the main trunk lines lead from the central European USSR to the large Baltic port cities. The chief centers are Tallin (Tallinn) Riga, Vil'nyus (Vilnius) Kaunas, and Kaliningrad.

Lithuanian Soviet Socialist Republic

Capital, Vil'nyus (Vilnius); area, 31,200, population, 2,700,000

SU 133* BC ● 133 The Lithuanian SSR is the southernmost of the three Baltic republics. It has the shortest coast line, only 25 miles long in the area of Klaypeda (Klaipėda). Its generally level terrain rises gently in the morainic hills of the western and the eastern sections. Lakes and swamps abound in the depressions. The forests which once covered the entire region have been largely cleared and now comprise only 20 percent of the area. The republic is drained by the Neman (Nemunas) and its affluents, the Viliya (Neris), the Nevyazh (Nevėžys), and the Dubisa (Dubysa) rivers

on the right, and the Sheshupa (Šešupė) on the left. The Neman is navigable below Kaunas, and for shallow-draught vessels below Alitus (Alytus).

The Lithuanians represent about four fifths of the total population and, except for small Latvian and Belorussian minorities, make up the bulk of the rural population. The principal non-Lithuanian groups, Russians, Jews, and Poles, belong chiefly to the urban elements. The rural settlements are villages of a much larger type than the small farming communities generally found in Latvia and Estonia.

The long-contested Vil'nyus district was awarded to Lithuania following the partition of Poland in 1939. In 1940, when Lithuania joined the USSR as a union republic, it also annexed from the Belorussian SSR a narrow strip of territory with a predominantly Lithuanian population. Its present territorial configuration was completed in January, 1945, when it reacquired the Memelland, which had been ceded to Germany in 1939.

In 1950 Lithuania was divided into the oblasts of Vil'nyus, Kaunas, Klaypeda, and Shaulyay.

Agriculture is the principal branch of the economy. Grains cover the major part of the sown area, mostly rye and oats. Potatoes are an important crop in connection with the raising of hogs; flax and forage grasses (mainly clover) are sown in rotation. A few areas are under sugar beets. In addition to hogs, dairy cattle and poultry are extensively raised.

Dairy farming forms the basis for the chief industries of the republic. Butter and dairy plants, meat-packing plants, and tanneries are scattered throughout the entire region. Sugar is milled in a number of places, including Mariyampole (Marijampolė) and Panevezhis (Panevėžys).

Lumbering furnishes raw material for woodworking plants and paper mills. The glass and cement industry is being developed under the postwar Five-Year Plan; peat-based power plants are under construction at Kaunas and Shaulyay. Fisheries are important along the coast, near Klaypeda. Textiles are manufactured from imported silk, wool, and cotton. The only local fuel resource is peat, which is processed widely into briquettes. Building materials are quarried. To be noted also are the health resorts of Birshtonas (Birštonas) and Druskininkay (Druskininkai) on the Neman River, south of Kaunas, and the sand-dune resorts on the coast in the vicinity of Klaypeda. Meat, bacon, butter, flax, and lumber products are the principal export items.

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Latvian Soviet Socialist Republic

Capital, Riga; area, 24,600, population, 1,800,000

The Latvian SSR lies in the middle Baltic Region, on the Gulf of Riga, which here penetrates deeply into the mainland. This largest of the Baltic republics contains the fertile Riga-Yelgava lowland in its center and morainic hills in Kurland, in the west, and Livonia, in the northeast. The latter region, because of its picturesque hilly landscape, is often called the "Livonian Switzerland." The coasts are low and covered with pine-covered sand dunes. The Western Dvina River (Latvian *Daugava*) enters the republic from Belorussia in the southeast and empties into the Gulf of Riga. It is important for timber flotage and as a source of hydroelectric power; navigation is hampered by sand bars and rapids. Its chief tributary is the Lielupe River on the left. The western part of Latvia, generally known as Kurland, is drained by the Venta River, and the northern (Livonia) by the Gauya (Gauja) River. The forests, which cover 20 percent of the area, are found mainly in Kurland and in Livonia, where the maritime climate has its greatest influence.

The Latvians represent about 60 percent of the total population. The Latgals, who are predominantly Catholic and speak a dialect related to Lettish, constitute about 15 percent of the population and live mainly in Latgale, the southeastern section of the republic. Russians are the most important non-Latvian minority, followed by Jews, Belorussians, and Lithuanians along the eastern and southern frontiers. The predominantly Russian districts of Abrene or Jaunlatgale (now Pytalovo) and Kačanava (now Kachanovo), southwest of Pskov, were ceded to the newly formed Pskov Oblast of the Russian SFSR in 1945. With this cession, Latvia underwent its first teritorial change since the creation of the independent state in 1920.

Prior to the First World War the economy of Latvia was closely integrated with that of the Russian Empire. About one quarter of all Russian exports passed through the Latvian ports of Riga, Liepaya (Liepāja), and Ventspils. The ports, and mainly Riga, became the centers of important industries engaged in shipbuilding, machine construction, textile milling, and the manufacture of chemicals. During its independence Latvia developed its food and light industries to a large extent. At the present time Latvia's economy emphasizes its food industries, which are largely based on the raising of livestock. The dairy

spit, lies Rigas Yurmala (Rigas Jurmala), which the Russians call *Vzmor'ye*. This noted vacation area, which consists of nine adjacent seaside resorts extending for more than 10 miles along the beach, was incorporated into the city in 1946. The population of Riga, which amounted to about 400,000 on the eve of the Second World War, was 390,000 in 1947.*

South of Riga, on the railroad to Kaunas, is Yelgava (Jelgava—German *Mitau*, Russian *Mitava*), the largest textile center of the republic, engaged mainly in linen milling; it is also the seat of an important sugar industry.

The port of Liepaya (Liepāja—German *Libau*, Russian *Libava*), the second largest of the republic, is ice-free nearly all year round. It has important shipbuilding, docking, and naval-base installations. Site of the only metallurgical (steel milling) plant of the Baltic Region, it has railroad repair shops, machine construction works, and chemical, lumber, and fish-canning industries.

To the north is the third port of Latvia, Ventspils (German *Windau*, Russian *Vindava*), which also engages in metalworking, lumber, and light industries.

Daugavpils (German *Dünaburg*, Russian *Dvinsk*), the center of Latgale, lies in the most densely settled portion of the republic, at the intersection of important rail and highway routes. It has important railroad shops, as well as metalworking, furniture, textile, and food industries.

Estonian Soviet Socialist Republic

Capital, Tallin (Tallinn); area, 17,400, population, 1,000,000

The Estonian SSR is the northernmost Baltic republic, situated between the gulfs of Finland in the north and Riga in the southwest. Its area and population are smaller than those of either Latvia or Lithuania. The republic includes the seventy islands of the Moonsund archipelago, off the west coast, including Sarema (Saaremaa), Khiuma (Hiiumaa), Mukhu (Muhu), and Vormsi.

In the northern part is a lowland, having large sandy and swampy expanses. It breaks off abruptly on the coast of the Gulf of Finland, forming cliff-like limestone escarpments. The coast here is deeply dissected and contains a large number of good natural harbors. Toward the south the relief becomes hilly and rises in glacial moraines to over

* An estimate based on the Republic election.

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1,500 feet. In the center lies the lake Vyrts-Yarv (Võrts Järv), which empties through the Emayogi (Emajõgi) into Lake Peipus on the eastern border of the republic. Lake Peipus is connected by the Narva River with the Gulf of Finland. The only other notable river is the Pyarnu (Pärnu), which flows southwest to the Gulf of Riga. The Estonian rivers are generally not navigable, but the numerous rapids provide a relatively large hydroelectric potential.

The Estonians represent more than 90 percent of the total population. The principal minorities are the Russians, mostly in the cities, and the Swedes, on the islands off the west coast and in the urban centers. As in Latvia, rural districts with a predominantly Russian population were separated from Latvia and annexed to the Russian SFSR. The territorial transfer which took place in 1945 involved the Petseri (now Pechory) district, which was incorporated by Pskov Oblast, and the narrow frontier strip on the right bank of the Narva River, which became part of Leningrad Oblast.

Estonia is considerably better supplied with mineral resources than are the other two Baltic republics. Most important are the oil-shale deposits between Lake Peipus and the Gulf of Finland, which form the basis of an industry characteristic of the local economy. The oil shale extends about sixty miles between Rakvere and Narva in reserves estimated at 1.5 to 2.5 billion tons. The yield is 20–30 percent. The product can be used as fuel in solid form, but produces a large proportion of ashes, reducing its caloric value. A method has been developed by which the ash residue can be converted into cement, thus rendering the use of the shale more economical. Distillation of the shale yields heavy oils and various other products used in the chemical industry. In recent years fuel gas has also been derived from the process. The center of the oil-shale district is Kokhtla-Yarve (Kohtla-Järve).

The textile industry assumes large proportions in the Estonian economy. There are large cotton mills at Narva and Tallin, and smaller weaving and flax-spinning enterprises in other towns. Forests, which cover 20 percent of the area, furnish lumber for match, paper, and furniture industries. Tyuri (Türi) is the chief paper-milling center. Blue clays along the Gulf of Finland coast supply a large cement mill at Kunda. The greater part of the metalworking industries is concentrated in Tallin, Tartu, and Pyarnu.

Dairy farming is the basic feature of the agricultural economy. Even more than in Latvia do meadows and pastures predominate over culti-

SU 490 BALTIC REGION

Narva, on the Narva River between Lake Peipus and the Gulf of
361 Finland, is an old fortress city, with the forts of Ivangorod and Her-
BC mannstadt on opposite banks of the river. It is noted as a textile center,
361 the home of the Krengol'm (Kreenholm) cotton and linen mill, powered by a hydroelectric plant on the Narva River. The suburb of Ivangorod, on the right bank of the Narva, was placed into Leningrad Oblast of the Russian SFSR as the result of a boundary change in 1945.

Kaliningrad Oblast (Russian SFSR)

Capital, Kaliningrad; area, *c.* 6,100, population, 600,000

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631 Kaliningrad Oblast was organized in the northern part of East Prussia,
BC north of a line passing north of Goldap and Braniewo (German
631 *Braunsberg*), which was assigned by the Berlin Conference in 1945 to the USSR. The oblast lies on the Baltic Sea and is bordered in the east by the Lithuanian SSR along the Neman River and in the south by
SU
133* Poland. The territory is level lowland rising slightly toward the south
BC and characterized by a humid climate, with mild winters and cool sum-
133 mers. It is drained by the Neman in the northeast and by the Pregel' in the southeast. Along the coast it includes portions of the two lagoon-like inlets characteristic of this section of the Baltic Sea—Kurland Lagoon in the north and Vistula Lagoon in the south. Each lagoon is separated from the sea by a long, narrow sand bar (*Nehrung*), which leaves only a narrow passage at the northern end. Amber, peat, and
SU lignite are the chief mineral resources.
631 As in the case of other territories formerly held by an enemy nation
563 (Japanese part of Sakhalin and the Kurile Islands), no provision was
BC made to establish the northern part of East Prussia as an autonomous
631 area. Instead, the German population which was left at the time of the
563 Russian occupation, estimated at 100,000, was deprived of minority rights similar to those provided for other nationalities in the USSR. Only in the field of education did the Russian administration officially acknowledge the existence of a German minority by establishing a limited number of German schools. After a brief existence as a special okrug,
SU the area was organized as Königsberg Oblast in April, 1946, and re-
167 named Kaliningrad Oblast in July, 1946. Since a Russian majority is
BC mandatory in the population of the oblasts of the Russian SFSR, Rus-
167 sian immigration into the oblast was organized from the central European USSR, where a relatively high population density prevails in oblasts such as Smolensk, Bryansk, Pskov, Novgorod, Kostroma,